

REMARKS

35 USC §112 Rejections

In the official action, claims 1-8 were rejected under 35 U.S.C. §112 as being indefinite for failing to particularly point out and distinctly claim the subject matter of the invention. Specifically, these claims were rejected under §112 as, in the Examiner's view, containing conditional statements appearing in claims 1(c5), 2, and 4. The claims have been amended to correct these objections.

In claim 1 the expression "if it appears reasonable" has been deleted from the claim, and the claim now states "evaluating the total cost ratio, making a decision whether the cost ratio is acceptable for the transaction, and only if so, preparing a term sheet. . . [etc.]" Note that "only if so" also provides the alternative response when the decision is negative: not preparing a term sheet. The expression "only if" carries the necessary conclusion that the steps that follows is not taken if the condition is not met, in this case, the condition of a decision being that the cost ratio is acceptable for the transaction.

Note that claim 1 also is now amended to tie the term sheet with the finance proposal back to step (c3), where financing tools were selected for the transaction. If the decision is

positive in step (c5), then the term sheet prepared contains a finance proposal including the tools selected in step (c3).

Concerning claim 4, the word "if" and the expression "if the total cost ratio seems unacceptable for the transaction" are removed, but the claim 4 subject matter is a further step that is conducted only under one of the two conditions that emerge from step (c5) of claim 1. Thus, claim 4 now states "further including, when a negative decision is made in (c5), reiterating steps (c1) through (c5) using different financial tools . . . [etc.]". Thus, the second possible outcome of (c5), where a decision is made that the cost ratio is not acceptable for the transaction, produces the result that the user of the method rejects the transaction as thus far structured and does not prepare a term sheet that includes the tools selected in step (c3). Dependent claim 4 adds a preferred embodiment specifying that, when the just-described outcome is the case, a further iteration of steps (c) through (c3,5) is performed using different financial tools, with entry of different costs, etc., in an attempt to obtain a better total cost ratio. There is nothing wrong with this format in a method claim, where one of two outcomes can obtain. Further, in the form of claims 1 and 4 as amended, there are no conditional statements which fail to cover the situation and the ensuing action when a certain condition is not met. Claim 1, paragraph (c5) now covers both

situations, and claim 4 states what happens when a negative decision is made in (c5); the other case is already covered in claim 1, where a positive decision has been made in (c5).

It is therefore believed that all of the Examiner's rejections under §112 have been overcome with this amendment and the above comments.

35 USC §101 Rejections, Statutory Subject Matter

The Examiner also rejected claims 1-10 as being directed to non-statutory subject matter. More particularly, the Examiner has concluded that the applicant's invention amounts to a mere abstract idea which would not produce a "useful, concrete, and tangible" result. In the alternative, the Examiner also rejected claims 1-10 based upon a conclusion that the invention as a whole is directed to a mathematical formula in the abstract. The applicant respectfully submits that the Examiner's conclusions are based upon a fundamental misunderstanding of the nature of the applicant's invention and, for the reasons set forth below, reconsideration of the claims is requested.

A. Useful, Concrete, and Tangible

The Examiner rejects the claims as disclosing a mere abstract idea which would not produce a "useful, concrete, and tangible" result. In reaching this conclusion the Examiner

concludes that although the applicant's invention does demonstrate utility, thereby satisfying the first of these three requirements, it fails to produce a concrete and tangible result.

a. Concrete Results

To satisfy the requirement of a "concrete" result, the process must have a result that can be substantially repeatable or the process must substantially produce the same result again. (Office Action at page 6 citing In re Swartz, 232 F.3d 862, 864, 56 USPQ 2d 1703, 1704 (Fed. Cir. 2000), emphasis added) The standard therefore does not require the process produce the exact same result each time, but that the result must be "substantially repeatable." Further, the Guidelines go on to state that "if the claimed invention is for a process which requires a particular skill, to determine whether that process is substantially repeatable will necessarily require a determination of the level of skill of the ordinary artisan in that field." (Guidelines at page 22) The requirement of concrete results therefore may be satisfied where the process requires one with ordinary skill in the art to make discretionary choices which lead to different applications of the system under different sets of circumstances and allows for some variation in the results.

Further, inherent in the determination of whether the results are substantially repeatable is the prerequisite that the factors input into the system, and the steps utilized, must be

substantially the same when comparing the results from two applications of the system. Where a system permits the user to apply the system to different sets of circumstances, which call for the input of different factors or the use of different steps, the generation of different results in such cases does not establish that the process fails to produce concrete results. Rather, the test for determining whether the system produces results that are substantially repeatable requires a determination whether the application of the system to substantially the same sets of circumstances will produce substantially the same results.

Hence, where the present invention is applied to proposed transactions having substantially the same circumstances, the system would satisfy the requirement of producing substantially the same results if under both applications the relevant factors were similarly identified and organized and correctly entered, and substantially the same analysis and cost ratios were performed, leading to substantially the same criteria for a decision to enter or not to enter a transaction, with substantially the same proposed terms, if any, generated. Likewise, when applied to transactions having different sets of circumstances, the fact that the system will produce different results does not establish that the system fails to produce concrete results. It is supposed to produce different results in

that case. The very purpose of the system is to adapt to, and reflect the analysis of, different sets of circumstances for different export financing transactions.

The Background of the Invention states that the invention "is a system . . . for giving . . . a structured procedure in analyzing the risks and cost of, and planning the financing of an export transaction" (Specification at page 1) More particularly, the Summary of the Invention describes the invention as follows:

The invention described herein encompasses a method and system for analyzing a trade transaction . . . to identify the terms of the transaction, risk factors, time cycle, finance requirement, potential financing tools and costs; and for setting forth a framework for providing an optimal financing plan cost measurement. (Specification at page 3, *emphasis added*)

The invention is therefore a system for consistently identifying all relevant factors to be considered in a particular export financing transaction, such as terms, risk, costs, and finance requirements, and organizing such factors within a structured framework which facilitates the efficient and appropriate analysis and calculation of such factors in reaching a determination whether to generate a proposal for financing the transaction and, if so, setting the terms of such proposal. The invention also provides a method and system for monitoring and managing the transaction costs. Though the calculation of cost ratio is an important aspect of the system, the invention does

not lie in the calculation of the cost ratio alone.

In stating that the invention does not produce a concrete result, the Examiner states that "it is in no way assured that a user will ever in fact complete the necessary steps to reap the benefits of the information contained on the forms comprising the invention." He further states that "[i]t could be that on some occasion a user only fills out a few of the worksheets before deciding not to proceed in a transaction, or it could be that sometimes a user proceed to the final worksheets and a finance proposal." (Office Action at page 7) Citing these examples the Examiner concludes that "the invention is unrepeatable in that the same steps may not even occur in each instantiation of the method."

Contrary to the Examiner's assertion, these examples demonstrate how the system has actually achieved its intended purpose and do not in any way support a conclusion that the system would fail to produce substantially the same results under substantially same circumstances.

First, simply because a user exercising his or her skills in the art decides not to complete all steps to a process does not thereby lead to a conclusion that the process would fail to produce substantially the same results in each case having substantially similar circumstances. In fact, there is nothing in these examples which suggests that when applied to a proposed

transaction having substantially similar circumstances the system would produce different results.

Moreover, the steps of claim 1 are not stated as optional. It is in step (c5) that the ultimate decision is made as to whether to go ahead with a financing proposal. In other words, to practice the method of claim 1, there is no option for the user on some occasion to "fill out only a few of the worksheets before deciding not to proceed in a transaction". A user who terminates the process early would not be carrying out the method of claim 1. Claim 1 requires that all of the steps be taken, down to and completing step (c5) where a decision is made and if positive, the user prepares a term sheet containing a finance proposal for the export transaction. Thus, the Examiner's comments are not completely valid in this regard.

Further, if the system is applied to another transaction involving substantially the same factors and circumstances, the system will likely produce substantially the same results. The guidelines require that the result can be substantially repeatable, and it is. Differences which may occur due to the user's exercise of discretion in making choices in applying the system to differing circumstances are within the standard cited for substantially repeatable results. The Examiner cites the guidelines, which state "The opposite of "concrete" is unrepeatable or unpredictable." The current method is neither

unrepeatable nor unpredictable. Note that the guidelines go on to state that resolution of this question depends on the level of skill in the art, and if the invention is for a process requiring a particular skill, determination of whether of that process is substantially repeatable will necessarily require determination of the level of skill of the ordinary artisan in the field. Here, the artisan is typically a lender and financier of exports, or an exporter himself. These persons have a high level of skill in the art, fully understand export transactions, costs, risks and revenues or profits, and would not be in the business for long if they did not. This is highly relevant here, because a sharp and skilled persons using the method of claim 1 are likely to arrive at the same conclusions, or at least substantially the same conclusions, for given initial parameters of a proposed transaction.

Likewise, the fact that, as the Examiner states, in some circumstances a finance proposal is generated, while under other circumstances a proposal is not generated, also does not support a conclusion that the system fails to substantially produce the same results, unless it is shown that such differing results occur under the substantially the same circumstances. First, the decision not to go forward is a concrete result and an important result, since the method has helped the lender or user to avoid an unworkable transaction. The positive decision is also a

concrete result. Further, the application of the system to different circumstances to aid the user in determining whether a proposal should be generated, and what terms to be offered, is precisely the purpose of the invention. This invention is designed to handle variables and organize those variables in a structured system. The fact that under some circumstances a proposal is warranted, while under other circumstances it is not, does not establish that the system fails to produce substantially repeatable results. Instead, the test is whether under similar circumstances the system would produce substantially similar results, with due consideration given to the informed choices of the user in the application of the system to the circumstances. Moreover, it is certainly true that a skilled artisan using the method and system of the invention would reach substantially the same result in applying the method in a later, second potential transaction where initial input parameters are identical to those of a first potential transaction which has already been processed by the artisan using the method. Similarly, two skilled artisans in the field of lending for export transactions, or exporters themselves, would usually arrive at the same result if the two, each applying their skill in this particular field, applied the method and system of the invention to the same potential transaction. These skilled artisans clearly would find the results of claim 1 neither unrepeatable nor unpredictable. In

fact, predictability is the aim of the claimed invention. The method and system produce predictability in financing of export transactions by providing tools for analysis, and a procedure for processing the inputs, that let the lender see on paper (or on a computer) whether the proposed transaction is likely to be workable.

In light of the above discussion, the applicant submits it is clear that the invention does produce substantially repeatable results in that when applied twice to the same circumstances the system will organize and structure the inputs in a substantially similar manner, and produce substantially similar cost ratios, and lead to substantially similar determinations of whether or not to enter into a proposed transaction. Neither the case law nor the guidelines would (nor are intended to) preclude patentability of this method and system.

b. Tangible Results

As the standard for determining whether the invention produces tangible results, the Examiner cites the following:

The purpose of this requirement is to limit patent protection to inventions that possess a certain level of "real world" value, as opposed to subject matter that represents nothing more than an idea or concept, or is simply a starting point for further investigation or research. (Office Action at page 8, citations omitted)

As described above, the applicant's invention produces "real world value" by providing a system which ensures consideration of

all relevant factors in a transaction, organizes such factors into a framework which facilitates the efficient and consistent analysis of such factors in like transactions, and produces a concrete result in the form of the calculation of cost ratio based upon the relevant factors for the transaction and action based on the cost ratio. The resulting cost ratio is used in determining whether to propose financing for the transaction and, if so, the terms of such financing, including the selection made in step (c3). The "real world" result is therefore an improved analysis of the circumstances involved in the decision whether to consummate the transaction, leading to an informed decision, which is the ultimate result of the procedure. A result which leads to a determination that the circumstances do not warrant entry into a transaction is plainly as valuable a result as a result which leads to a decision to generate a proposal. The guidelines themselves state that the purpose of the requirement is to limit patent protection to inventions possessing a certain level of "real world value", as contrasted to subject matter representing nothing more than an idea or concept or amounting simply to a starting point for future investigation. First, this process defined in claim 1 certainly has a real world value, and in fact a very strong and important real world value, since it produces an analysis, using forms and tools, that leads to a highly informed decision as to whether an export financing

transaction is worthwhile financially. There are a few things that have greater value in the real world than such an informed decision. Second, the guidelines state that the purpose is to avoid subject matter representing nothing more than an idea or concept or starting point for investigation. This is manifestly not the case with the invention. Use of the method produces an analysis, a cost ratio, and an informed decision which is an end point an informed decision to go forward (or not) with a finance proposal including selected tools. These are not ideas or concepts or starting points for further research, they are "real world", valuable outcomes. With respect to the Examiner, the final steps in claim 1 are not "simply calculating cost ratios, depositing them to either paper or software forms, and possibly presenting a finance proposal." Claim 1, at least in the form now submitted, concludes with an informed decision, the ultimate valuable result for the lender or financier of export transactions. The invention therefore does have a practical application and a valuable result, and thus, produces a tangible result.

A. Abstract Idea Itself

As an alternative basis for rejection, the Examiner rejects the claims stating that the invention as a whole is directed to a "mathematical formula in the abstract".

The dispositive inquiry is whether the claim as a whole is directed to statutory subject matter. It is irrelevant that a claim may contain, as part of the whole, subject matter which would not be patentable by itself. "A claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula, computer program or digital computer." Diamond v Diehr, 450 U.S. at 187, 101 S.Ct. 1048.

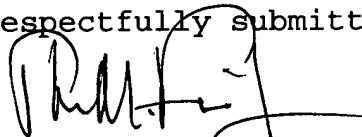
As described above, the invention is directed to a system and a method that ensure that all relevant factors are considered in a transaction, organizes such factors into a structure which facilitates the appropriate analysis of the relevant factors to ensure that the calculation of the total costs ratio and the decision whether to propose financing are based upon all relevant factors and sound analysis. The system further ensures that the user is made aware of all appropriate financing tools. The claims do not describe fundamentally the recording of a mathematical formula, but rather, a system for including and organizing the relevant factors to which the mathematical formula is applied. The applicant therefore does not seek to claim exclusive use of a mathematical formula, but rather, a system and method for identifying and organizing the factors to be calculated using that formula. Claim 1 has many more steps than step (c4). The applicant's emphasis on the importance of the

cost ratio, and the important factors (such as risk) that it encompasses and reflects, does not detract from the totality of the claim. The cost ratio is a necessary factor and step, but it is not presented in claim 1 as the invention, but only as a step in the process of the invention.

In summary, the Examiner has not presented a prima facie showing that the invention as a whole is direct to a mathematical formula in the abstract, and the applicant submits that the invention is instead drawn to statutory subject matter.

For the reasons presented above, it is respectfully submitted that claims 1 through 10 are entitled to allowance. Allowance is solicited. However, if the Examiner finds that any issue remains, he is asked to telephone the undersigned attorney before issuing further action.

Respectfully submitted,



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